



Approved For Release 2004/12/22 : CIA-RDP80T00942A000500010001-8
**Foreign
Assessment
Center**

Secret

25X1

International Issues Review

30 April 1979

On file DOC release instructions
apply.

Secret

PA IIR 79-004
30 April 1979
Copy

Approved For Release 2004/12/22 : CIA-RDP80T00942A000500010001-8

616

25X1

Approved For Release 2004/12/22 : CIA-RDP80T00942A000500010001-8

Approved For Release 2004/12/22 : CIA-RDP80T00942A000500010001-8

25X1

INTERNATIONAL ISSUES REVIEW

25X1

30 April 1979

CONTENTS

25X1 NUCLEAR POLITICS

25X1 FOREIGN REACTION TO THE THREE MILE ISLAND INCIDENT

1

This article analyzes international reaction to the recent nuclear accident at the Three Mile Island power plant and provides a preliminary assessment of the accident's long-term implications for both the global outlook for nuclear energy and a number of specific US interests.

25X1

25X1 NORTH-SOUTH ISSUES

25X1 THE OUTLOOK FOR LDC BEHAVIOR AT UNCTAD V

15

The Fifth UN Conference on Trade and Development in Manila is a political conference that will discuss economic issues. This article examines LDC preparations, speculates on conference dynamics, and suggests what effects the Conference might have on the future of North-South relations.

25X1 WORLD POPULATION GROWTH: PROGRESS BUT PROBLEMS

26

The decline in the rate of global population growth has reduced concern about a population explosion, but rapid urbanization and the prospect of surplus working-age population in many developing countries will pose serious political and economic problems.

25X6

Approved For Release 2004/12/22 : CIA-RDP80T00942A000500010001-8

Approved For Release 2004/12/22 : CIA-RDP80T00942A000500010001-8

SECRET

25X1

25X1

25X1

Foreign Reactions to the Three Mile Island Incident*

The nuclear accident at the Three Mile Island power plant near Harrisburg, Pennsylvania has focused international attention on the risks associated with atomic energy. It has also strengthened the hand of established opponents of nuclear power in most of those industrially advanced or rapidly industrializing countries that at least tolerate some degree of political pluralism and dissent. This increase in concern over reactor safety has been reflected in widespread and well-publicized precautionary measures (for example, rigorous plant inspections) as well as in official and unofficial calls for national or international review of nuclear safety standards. In a few countries, such as Sweden, Belgium, and Holland, where the rationale for building nuclear power plants was already questioned, the alarm generated by the Pennsylvania accident may prevent further pursuit of the nuclear option for some time to come. Most other governments, however, still seem to have sufficient determination and residual support to press forward with their current nuclear programs without undue delay.

Nonetheless, the events of late March and early April are bound to have some indirect impact on the longer term global outlook for nuclear energy. Just how significant this will be cannot yet be gauged with any degree of confidence. In most parts of the world, the Pennsylvania accident at the very least can be expected to give rise to more stringent safety and environmental regulations--and these, in turn, will contribute in some measure to the rising costs and delays that have already resulted in repeated downward forecasts of worldwide nuclear capacity in the 1980s.

25X1

30 April 1979

SECRET

SECRET

The Three Mile Island incident will probably also have a measurable and generally adverse impact on a number of specific US interests. In an increasingly competitive market, the damage done to the reputations of those who designed and built the reactor involved could, for example, work to the disadvantage of American nuclear exports in general. Moreover, to the extent that the accident reinforces other political and economic motives for reducing dependence on US nuclear technology and supplies by raising lasting doubts about the safety of pressurized light water reactors, US nonproliferation policy will be doubly undermined. On the one hand, the ability of the United States to influence the nuclear programs of other countries through domestic legislation and bilateral agreements will be eroded. On the other, since few alternative suppliers share US views on the degree of risk involved (particularly in cases where they feel sure that International Atomic Energy Agency [IAEA] safeguards will be applied), further impetus will be given to the development and spread of technologies more conducive to the manufacture of nuclear weapons. [REDACTED]

25X1

* * *

General Observations

The factors that have affected the reactions of foreign governments to the nuclear accident on the outskirts of Harrisburg are numerous, complex, and in some cases, countervailing in their impact. Their mix and relative weight has to a large extent been determined by parochial political and economic imperatives, but in general terms they include:

- The scope and status of the country's existing nuclear energy and export programs, and the degree of urgency that is attached to their fulfillment for both economic and political reasons.*

*Recent trends and developments that could impart a sense of increasing urgency to nuclear energy and export programs include new uncertainties about oil prices and supplies and the prospect of a tighter and more competitive market for nuclear equipment and material throughout the remainder of this century than had been previously anticipated. [REDACTED]

25X1

30 April 1979

SECRET

- The extent to which the country's nuclear plans were a sensitive political issue before the Pennsylvania accident and the vulnerability of the government to increased popular criticism in that domain.
- The extent to which the country's nuclear program is dependent on US assistance and technology, and if a marked dependence exists, whether it was viewed as advantageous or disadvantageous before the Three Mile Island incident occurred.
- The extent of the country's overall stake in maintaining close and cordial relations with the United States.
- The extent to which the impact of the Pennsylvania accident has been magnified by subsequent or earlier problems at the country's own nuclear facilities.
- Last but not least, the fact that the United States was able to contain and resolve the problem at Three Mile Island with no loss of life or damage to surrounding property.

25X1

In the light of the above considerations, it is scarcely surprising that the most intense and assertive foreign reactions to the Three Mile Island incident have been registered in Western Europe and Japan where nuclear stakes and passions have long run high. The defensive strategies adopted by the governments of these countries--and of most others where existing or planned nuclear facilities have suddenly become objects of increased concern--have tended to stress certain common themes:

- In the absence of any suitable alternative, vital national economic and political interests necessitate continued development of nuclear power.
- Together with locally higher standards of safety and training, differences in reactor design virtually preclude the possibility of an accident of the type experienced in Pennsylvania.

30 April 1979

SECRET

-- Nevertheless, the circumstances surrounding the Three Mile Island incident will be carefully studied and the lessons learned will be applied to the national nuclear program. [REDACTED]

Less frequently, but more ominously in terms of longer range US political and economic interests, the Pennsylvania accident has been cited in press commentary [REDACTED]

[REDACTED] as further reason to seek greater independence from US technology and supplies through acceleration of domestic research and development programs and collaboration with other countries. [REDACTED]

For various reasons--ranging from the lack of a nuclear program or nuclear ties with the United States to the exigencies of authoritarian rule--the Three Mile Island accident has so far evoked little popular or governmental reaction in South and Southeast Asia, the Middle East, Africa, and most of Latin America. Even in India, where concern was to some degree allayed by the fact that the country's three operational nuclear power reactors are not of the pressurized light water design, press commentary has been largely limited to factual reports. [REDACTED]

Public commentary on the Harrisburg incident by Communist countries has also tended to be sparse. In Romania, Czechoslovakia (recently the subject of Western news reports of radiation deaths connected with its own nuclear program), and the Indochinese states, such commentary has been virtually nonexistent. Beijing, too, has reported the affair in a relatively straightforward manner. It has underscored both its concern about the dangers posed by such mishaps and the determination of its new nuclear partner, France, to "learn from the US incident." Unlike the Soviets and some Soviet allies, however, the Chinese have not editorialized on the causes or implications of the Three Mile Island accident. [REDACTED]

Stung by Western press stories alleging a poor Soviet record in the field of nuclear safety, and conscious of the potential spillover effects of the Pennsylvania accident on its ambitious nuclear program, the USSR has moved quickly to reaffirm its commitment to

30 April 1979

SECRET

SECRET

nuclear power and to underscore the soundness of its nuclear technology and practices in authoritative public statements. In the process, the Soviets have for the first time officially admitted experiencing some accidents at nuclear power stations themselves, even though they have downplayed their significance. Nonetheless, Premier Kosygin is reported to have told [REDACTED]

25X1

[REDACTED] that the Three Mile Island accident had prompted the Soviets to take certain unspecified measures to prevent such an occurrence in the USSR. [REDACTED]

25X1

Together with most of their Council for Mutual Economic Assistance partners, the Soviets have also sought to exploit the US nuclear accident for propaganda purposes, albeit in a low-key fashion. For example, they have advantageously contrasted their own and the US nuclear programs by laying at least part of the blame for the Harrisburg accident on the "slipshod practices" of "profit-driven" private enterprise.* They have also criticized the "sensationalist" American press for exaggerating the seriousness of the incident for various nefarious purposes. Somewhat incongruently, some Soviet commentators have even attempted to link the Three Mile Island accident to the highly charged issue of nuclear disarmament--and thereby to attract broader sympathy and support for Moscow's "principled" positions and initiatives in that field--by drawing a parallel between the loss of life that could have resulted from the Pennsylvania accident and the lethal effects of nuclear weapons.

*The theme that the operation of nuclear power plants should not be entrusted to private enterprise has also been echoed in Yugoslavia where the government is faced with popular concern over the safety of a Westinghouse pressurized light water reactor that is nearing completion in Slovenia and open opposition (virtually certain to stiffen as the result of the major earthquake that shook the Dubrovnik area in mid-April) to the construction of a second nuclear power plant on the Dalmation coast. [REDACTED]

25X1

30 April 1979

SECRET

SECRET

The Reactions of Selected Countries

France, West Germany, and the United Kingdom

The French Government has adopted a particularly assertive strategy to counter the prospect of increased antinuclear power agitation in the wake of the Three Mile Island incident. It has confirmed its earlier decision to accelerate the nation's ambitious nuclear program, and both President Giscard and Prime Minister Barre have thrown the full weight of their offices and personal prestige behind a vigorous pronuclear campaign. They have stressed the widely used defensive themes and arguments that have been described above, and together with parallel steps to allay popular concerns (for example, strengthening of security and safety arrangements at the country's 15 operating nuclear reactors and 10 nuclear construction sites, and sending two factfinding teams to Harrisburg), these have served to keep adverse public response to the accident within relatively modest bounds.

Nonetheless, even though there have been no large-scale or violent protest demonstrations against the French nuclear program of the type that the country has occasionally experienced in the past, reactor safety has achieved new prominence as a potentially troublesome political issue.* The leaders of the Socialist and Communist parties have restated their doubts about nuclear

*The most notable incident of violence in France that has so far been linked in any way to the nuclear accident in Pennsylvania was the 6 April bombing of an industrial plant in La Seyne-sur-Mer where components are being built for a research reactor that was ordered by Iraq in 1976 and that had been expected to be in operation by late 1980. Credit for the attack was claimed by a previously unknown French environmentalist group which cited "the Harrisburg catastrophe" as the catalyst that triggered their move.

30 April 1979

SECRET

SECRET

power. Moreover, the head of the Socialist Party, Francois Mitterand, has demanded the creation of a parliamentary commission to investigate the dangers of nuclear energy and has accused the Giscard government of secrecy and highhandedness in planning and implementing the nation's nuclear program. The recent accident at the research reactor in Grenoble and the reactor malfunction, a few days later, in a nuclear power plant in Gravelines are likely to sharpen this political debate. Giscard's sympathetic approach to nuclear development does not, however, presently appear to be seriously threatened. [REDACTED]

The Three Mile Island incident has had a far greater impact on West Germany where the debate over nuclear energy has at times been somewhat acrimonious. Chancellor Schmidt remains convinced that further nuclear development is critical to his country's economic future. Like Giscard, he has sought to dampen the popular fears roused by the Pennsylvania incident, and he too sent two fact-finding teams to Harrisburg. Nonetheless, there have been peaceful demonstrations by antinuclear groups in several West German cities.* The most significant of these so far was a rally staged in Hannover by some

*There has also been at least one incident of terrorist violence associated with the Three Mile Island accident. On 16 April, the Dusseldorf office of Babcock Handel (a German firm that sells steel and pipes) was firebombed, apparently in the mistaken belief that the company is a subsidiary of Babcock and Wilcox. A militant antinuclear power group subsequently claimed responsibility for the attack--and linked it directly to the Harrisburg events--in letters sent to the German press. However, the German police reportedly suspect that true responsibility for the firebombing may lie elsewhere. [REDACTED]

30 April 1979

SECRET

35,000 to 50,000 people protesting government plans to build a nuclear waste storage and fuel reprocessing complex at Gorleben in Lower Saxony.* [REDACTED]

25X1

West German leaders are generally sensitive about this latest increase in antinuclear agitation, and a few have called for a rethinking of nuclear energy policy. Nonetheless, pronuclear forces in West Germany remain quite strong, and the government remains firmly committed to its current nuclear program. Completion of the planned waste storage facility at Gorleben is essential not only to the further development of this program but to the continued operation of reactors already on line as well. Hence, Bonn can be expected to bend every effort to put that particular facility into operation as soon as possible, even though some further slippage in the construction schedule seems likely. [REDACTED]

25X1

In the United Kingdom, official statements issued in the wake of the Three Mile Island accident have emphasized the safety of British gas-cooled reactors. Since the government was widely known to be considering including US-designed pressurized light water reactors in the next phase of its nuclear development program, Energy Secretary Benn hastened to point out that he had resisted great pressures for such a change, adding that "no government, anywhere in the world, can now lightly approve of nuclear systems of that type." Given the strength of his and Prime Minister Callaghan's views on this score--and the fact that a conservative government would probably see things in much the same way--eventual introduction of pressurized light water reactors into the United Kingdom now appears doubtful. [REDACTED]

25X1

[REDACTED]

25X1

30 April 1979

SECRET

Even though the impact of the Pennsylvania nuclear mishap on the British political scene seems likely to be small, the official response has almost certainly been designed in part to offset any advantage that antinuclear opponents may have gained from the incident. Antinuclear groups have put up a large number of candidates for the 3 May general election, and some of these could make trouble for Labor Party incumbents in southwest England where several of Britain's gas-cooled reactors are located. [REDACTED]

Sweden, Belgium, and the Netherlands

In contrast to France and West Germany, where governmental policy on nuclear development remains essentially unchanged, the Three Mile Island incident triggered a complete reversal in official thinking and strategy in Sweden. Just a few weeks earlier, the minority Liberal Party Government had submitted an energy bill--apparently supported by all of Sweden's political groupings except former Prime Minister Falldin's strongly antinuclear Center Party--that authorized moving ahead with most of the nuclear program that the Swedish Parliament had approved in 1975. On the eve of the Pennsylvania accident, most observers believed that the Swedish Government was about to announce its acceptance of controversial findings on the safety of long-term storage of nuclear waste and thus clear the way for the fueling of the country's seventh and eighth reactors. News of the Harrisburg events shattered Sweden's new pronuclear consensus, however, and when Olof Palme, leader of the Social Democratic Party and previously one of the country's most consistent supporters of nuclear energy, called for a national referendum next spring on the future of nuclear energy in Sweden, the Liberal Party felt compelled to announce its support of the proposal. By so doing, it effectively postponed further decisions on the country's nuclear program for another year. [REDACTED]

The likely outcome of the referendum--an exercise previously advocated only by the Center Party--is uncertain, for Swedish opinion polls on nuclear power have been inconclusive. In the interim, however, the political fallout from the Pennsylvania nuclear accident can be expected to affect the parliamentary elections that are scheduled for next September--possibly to the advantage of the Center Party. [REDACTED]

30 April 1979

SECRET

SECRET

In Belgium, where one local mayor reacted to the Three Mile Island incident by forcing the temporary closing of a 900-megawatt nuclear power plant located near his town, the new government is faced with the prospect of a head-on confrontation with reinvigorated antinuclear forces next spring when the country's current two-year moratorium on nuclear construction expires. In an apparent effort to parry and divert the attacks of its nuclear critics, it has moved to press and publicize its efforts to obtain environmental impact data on nuclear reactors that the French are building near the Belgian border and to emphasize its commitment to seeking alternatives to nuclear energy. [REDACTED]

25X1

In Holland, where a number of politically important figures have assumed an antinuclear posture in the wake of the Three Mile Island incident, the government is cautiously trying to keep the nuclear option open. It still plans to issue a white paper on nuclear energy this fall, but the chances that the ensuing discussion will result in the lifting of the current moratorium on new reactor construction have been dimmed. [REDACTED]

25X1

Japan

The Three Mile Island accident has attracted intense public attention in Japan and has stirred up a rash of antinuclear reactions from the press and various interest groups as well as from the leftwing opposition parties. In addition, protest demonstrations have been held in the vicinity of several Japanese nuclear plants. [REDACTED]

25X1

Despite repeated calls from radical groups, environmentalists, and the Japanese Scientists Association for a complete shutdown of nuclear power plants in Japan, Prime Minister Masayoshi Ohira has emphasized that he does not intend to change government policy on the development of nuclear energy. Like many other governmental leaders, he has stressed that his country's pressurized light water reactors are of a different design than the one that suffered the accident in Pennsylvania and has asserted that local preoperation tests are more stringent than in the United States. Nonetheless, Ohira ordered safety checks at all 22 operating nuclear plants in Japan and dispatched three factfinding teams to Harrisburg. His efforts to soften the negative impact of the Three

30 April 1979

SECRET

SECRET

Mile Island incident have not been helped, however, by either the explosion at the Tokai Nuclear Fuel Reprocessing Laboratory (which resulted in the release of some low-level radiation within the building in early April) or the warning issued more recently by the US Nuclear Regulatory Commission indicating that reactors designed by Westinghouse might not cool off automatically in an emergency.* [REDACTED]

Canada and Australia

Both Canada and Australia have a major economic stake in future nuclear energy development.** Canadian efforts to dampen any adverse impact of the Three Mile Island incident on its own national interests suffered a setback, however, when Ottawa learned that piping manufactured for some of its CANDU reactors by Babcock and Wilcox and a Canadian subsidiary was defective. Over the longer term, this discovery is unlikely to have any appreciable effect on Canada's nuclear program or exports, but in the short run it will probably curtail Canadian capability to capitalize on the concerns about competing light water reactor technology that have arisen from the Pennsylvania accident. It may also encourage the Canadians to seek greater industrial self-sufficiency in the nuclear field. [REDACTED]

*Japan has eight operational Westinghouse-designed pressurized light water reactors, but seven of these were shut down for routine inspection and repairs at the time of the Three Mile Island accident. Following receipt of the US Nuclear Regulatory Commission warning, the Japanese Government ordered the operating Westinghouse reactor shut down and the others to remain closed pending new safety checks. It did so, however, only after heated debates. [REDACTED]

**Together, Canada and Australia account for about one-fourth of the world's total estimated uranium reserves. Canada, moreover, is a leading supplier of heavy water reactor technology with an active interest in marketing its domestically designed and manufactured CANDU reactor. Unlike light water reactors, the CANDU uses natural (that is, unenriched) uranium for fuel, a characteristic which a number of LDCs find attractive for both economic and political reasons. [REDACTED]

30 April 1979

SECRET

SECRET

Public reaction to the Three Mile Island incident has been quite strong in Australia where uranium export policy has long been a contentious domestic political issue. In early April, the opposition party spokesman for minerals and energy in the federal Parliament succeeded in calling an "urgency debate" on the issue of possible suspension of uranium exports to countries with pressurized light water reactors similar to the one that suffered the accident in Pennsylvania until there is assurance that such an accident will not recur. A few days later, some 15,000 Australians shouting "no more Harrisburgs" marched in protest against governmental plans to expand uranium exports. So far, however, this agitation has had no impact on the government's current plans or timetable for mining and exporting uranium. [REDACTED]

25X1

South Korea and Taiwan

A cooling system malfunction (accompanied by minor leakage of radioactive water) forced a temporary shutdown of South Korea's only nuclear power reactor at practically the same time as the Three Mile Island accident. Although this fact has been the cause of some domestic and international embarrassment for Seoul, political leaders in South Korea and Taiwan generally exhibit little concern for public opinion on matters relating to their nuclear industries. In both countries, however, the Pennsylvania incident has received close attention in governmental and scientific circles, and in both it has prompted some scattered suggestions that reliance on US nuclear supplies and technology be reduced. [REDACTED]

25X1

While factors other than the Three Mile Island accident presently incline Taiwan to consider taking some further steps in this direction, South Korea seems unlikely to follow suit any time in the near future. For one thing, Seoul is heavily dependent on US light water reactor technology. For another, it has a number of compelling reasons to seek to maintain close relations with the United States in as many fields as possible. At the same time, South Korea continues to believe that increased reliance on nuclear power is the best means available to meet its rapidly growing energy needs. Thus, while it will probably tighten up on its

30 April 1979

SECRET

SECRET

quality control and safety practices, it is unlikely to alter the thrust--or US orientation--of its current nuclear program over the next few years. [REDACTED]

25X1

Mexico, Argentina, and Brazil

As might be expected of representatives of the governments of advanced developing countries embarked--or about to embark--on ambitious nuclear energy programs, Mexican, Argentine, and Brazilian officials have generally sought to downplay both the seriousness of the Three Mile Island accident and the risks associated with the development of nuclear power when using reactors supplied by various Western powers. Moreover, Mexico has not only announced that it has no intention of modifying its overall energy program or its specific plans for the construction of its first nuclear plant in Laguna Verde, but has indicated that it has reached a preliminary agreement with Sweden envisaging a joint effort to produce nuclear fuel. [REDACTED]

25X1

As in Mexico, the Three Mile Island incident generated little domestic criticism of Argentina's nuclear program. In Brazil, however, where the country's multibillion dollar nuclear deal with Germany has already drawn heavy fire from several quarters, critics of the government's ambitious nuclear program have seized upon the Pennsylvania accident to call for a drastic review of Brazil's nuclear safety standards and to increase pressure on the government to cancel its order for four of the eight reactors that Brazil has agreed to buy from Kraftwerk Union. [REDACTED]

25X1

Conclusions

The legacy of the Three Mile Island accident continues to test the strength of the economic and political imperatives that drive the nuclear programs of individual nations and that in the past have prompted many of them to resist what they perceive as unnecessarily restrictive US nonproliferation initiatives. In a few countries, such as Sweden, Belgium, and Holland, where the rationale for building nuclear power plants was already under serious question, concerns generated by the Pennsylvania incident may prevent further pursuit of the nuclear option for some time to come. Elsewhere, however, most governments concerned presently seem to have sufficient determination and residual support to press forward with their current plan without undue delay. [REDACTED]

25X1

30 April 1979

SECRET

~~SECRET~~

Nonetheless, the events of late March and early April are bound to have some indirect impact on the longer term global outlook for nuclear energy. Just how significant this will be cannot yet be gauged with any degree of confidence. However, in most parts of the world, the Pennsylvania accident at the very least can be expected to give rise to more stringent safety and environmental regulations--and these, in turn, will contribute in some measure to the rising costs and delays that have already resulted in repeated downward forecasts of worldwide nuclear capacity in the 1980s. [REDACTED]

25X1

The Three Mile Island incident will probably also have a measurable and generally adverse impact on a number of specific US interests. In an increasingly competitive market, the damage done to the reputations of those who designed and built the reactor involved could, for example, work to the disadvantage of American nuclear exports in general. Moreover, to the extent that the accident reinforces other political and economic motives for reducing dependence on US nuclear technology and supplies by raising lasting doubts about the safety of pressurized light water reactors, US nonproliferation policy will be doubly undermined. On the one hand, the ability of the United States to influence the nuclear programs of other countries through domestic legislation and bilateral agreements will be eroded. On the other, since few alternative suppliers share US views on the degree of risk involved (particularly in cases where they feel sure that IAEA safeguards will be applied), further impetus will be given to the development and spread of technologies more conducive to the manufacture of nuclear weapons. [REDACTED]

25X1

30 April 1979

~~SECRET~~

25X1

THE OUTLOOK FOR LDC BEHAVIOR AT UNCTAD V

25X1

Preparations by the less developed countries (LDCs) for the Fifth Session of the UN Conference on Trade and Development (UNCTAD V) in Manila, 7 May - 1 June, have, on a technical level, been more thorough than for any previous session. Unlike previous sessions, however, and particularly UNCTAD IV in Nairobi, the LDCs do not appear to have an agreed set of goals, strategy, or tactics. A possible implication of this lack of focus in their preparations is that the LDCs may avoid raising politically charged issues at the meeting and concentrate on establishing a sense of priorities among the multitude of economic issues already under negotiation with industrial states in a variety of other forums. This would further imply that the Manila conference will continue the practical, nonconfrontational tone of North-South relations of recent years.

On the other hand, the LDCs traditionally view sessions such as these as occasions to take stock of achievements and to revitalize their collective strategy for wresting economic and political concessions from the industrial world. This predisposition, and the dynamics of LDC caucus behavior that compel them to find some issue around which to demonstrate unity, raise the possibility that strong political pressures may once again be brought to bear on the United States and other industrial states for a more definite commitment to costly, even painful, transfers of wealth and power to the LDC world.

To the extent that the latter emphasis emerges--and, again, there is little evidence that the LDCs have decided on an overall strategy for UNCTAD V--they are likely to use the concepts of economic interdependence and restructuring as the means of emphasizing their political demands. Interdependence--a term which the LDCs themselves have avoided during their

30 April 1979

preparation for UNCTAD V--is viewed by the LDCs as a condition that inhibits rather than enhances their economic development and independence from economic domination by industrial countries. Restructuring--still largely undefined--is the means by which the LDCs would rectify the inherent inequities of interdependence. These two themes run through the first substantive agenda item at UNCTAD--placed first at the insistence of the LDCs--and provide them with the basis for weaving a common substantive thread through the entire conference, and the unifying theme that LDC bloc politics demand. [REDACTED]

This article examines LDC preparations for UNCTAD V, speculates on how these may affect conference dynamics, and concludes with some observations on the contribution the conference seems likely to make to the overall course of North-South relations. [REDACTED]

* * *

Background on UNCTAD

The developing countries view the UN Conference on Trade and Development (UNCTAD) as the primary forum for dealing with developed countries over wide-ranging world economic problems, especially as they relate to LDC development. Their initiative led to UNCTAD's creation in 1964, and they would like it to become an even more effective negotiating forum with broader responsibilities. The first three UNCTAD sessions were marked by confrontation--which peaked in the years following the 1973-74 oil embargo and price increase by the Organization of Petroleum Exporting Countries--and produced little in concrete achievements.* By 1976, however, the tone of the North-South dialogue had become more realistic, and UNCTAD IV

*Previous conferences were held in Geneva, 1964; New Delhi, 1968; Santiago, 1972; and Nairobi, 1976. Normally held at four-year intervals, UNCTAD V was scheduled for 1979 to avoid conflicting with a UN General Assembly Special Session on Development to be held in 1980. [REDACTED]

30 April 1979

SECRET

in Nairobi produced general agreement on a variety of issues, leaving detailed negotiations for subsequent meetings. Since then, developed and developing countries have negotiated in an attempt to implement the Nairobi resolutions, most notably the integrated program for commodities, the common fund, and technology transfer and debt relief measures. [REDACTED]

25X1

The major issues to be discussed at UNCTAD V are not new. The agenda was agreed on at the Trade and Development Board (TDB) meeting last September, and includes:

- Interdependence: the first substantive agenda item calls for an evaluation of the world trade and economic situation, taking into account the interrelationships of all nations and economic issues such as trade, development, and money and finance, with a view to attaining a new international economic order.
- Developments in International Trade: the problem of protectionism; an evaluation of the Multilateral Trade Negotiations (MTN) and the Generalized System of Preferences (GSP); and measures to expand and diversify LDC exports.
- Commodities: a review of progress on the integrated program and the common fund; further LDC demands for increased assistance in processing, marketing, and distribution; and regional and global STABEX proposals.
- Monetary and Financial Issues: transfer of resources, increased official development assistance and multilateral aid; debt relief; and private capital flows.
- Technology: strengthening LDC technological capacity; and further discussions on the proposed international code of conduct.
- Economic Cooperation Among Developing Countries (ECDC): measures to strengthen UNCTAD's role and work program in this area. [REDACTED]

25X1

30 April 1979

SECRET

SECRET

Other substantive issues include shipping; problems of the least-developed, landlocked, and island categories of LDCs; and measures to expand trade relations between LDCs and the USSR and Eastern Europe. There is also a separate agenda item dealing with UNCTAD institutional issues, including possible reorganization. [REDACTED]

25X1

A special session of the Trade and Development Board in March resolved the most important organizational and procedural issues for Manila, ensuring that substantive discussions would not be delayed. Conference work will be carried out in eight negotiating groups, with the developed countries (Group B) chairing two; the Group of 77--the LDCs' UN caucus--chairing five; and the Communist countries (Group D) chairing one. [REDACTED]

25X1

Group of 77 Preparations--The Arusha Ministerial Meeting

The Group of 77 held its fourth ministerial meeting in Arusha, Tanzania, from 6-17 February. Its positions and demands for UNCTAD V are spelled out in the Arusha Program for Collective Self-Reliance and Framework for Negotiations. [REDACTED]

25X1

Even though the moderate tone of the Arusha document has been cited by UNCTAD Secretary General Corea and other LDC spokesmen as a concrete step toward a more flexible negotiating attitude by the Group of 77, it cannot be overstated that the main concern at Arusha was the appearance of group unity. Major differences within the group were nonetheless clearly evident as working groups negotiated texts for approval by the ministers. Reflecting the clash of attitudes between richer and poorer LDCs, differences between the radical demands of the Africans and a few Asians and the more pragmatic approach of the delegates from Latin America and the Association of Southeast Asian Nations were particularly troublesome. The Latin Americans ultimately played a substantial role in moderating much of the Arusha language, possibly reflecting lack of focus among the Africans and their overriding desire for group unity. [REDACTED]

25X1

The Arusha document makes clear, however, that regardless of the relative levels of economic development (and notwithstanding recent progress on the common fund),

30 April 1979

SECRET

SECRET

most LDCs share the conviction that little progress has been made since UNCTAD IV toward correcting what they believe are the inequities in the world economic system. The Arusha meeting thus again demonstrated the group's ability to maintain the appearance of bloc solidarity in the face of conflicting interests. In doing so, however, they were not able to develop a clearer sense of priorities, or to focus on a concrete theme to be the centerpiece of their demands at UNCTAD V. [REDACTED]

25X1

Conference Dynamics

This growing sense of frustration with the slow implementation of the UNCTAD IV resolutions--even though most technical negotiations continue to be relatively nonconfrontational--is likely to drive the LDC participants at UNCTAD V to use the conference as an opportunity politically to reinvigorate the North-South dialogue. Three interrelated factors suggest they will attempt to do this by exploiting the interdependence issue on the agenda. On a substantive level many of the LDCs are increasingly convinced that economic interdependence between LDCs and industrialized countries does not necessarily serve their development interests and that economic "restructuring"--still largely undefined--provides the only means to correct current imbalances in economic relationships. From a tactical perspective, interdependence, seen as simply one of a number of agenda items at UNCTAD V, can provide the type of abstract discussion that the Group of 77 needs to maintain internal unity. Moreover, it can provide a political focus for a conference that from the LDC perspective threatens to be only a rehash of technical issues already under discussion in a variety of other forums. Last, but in some ways most important, the UNCTAD Secretariat--which has lost some credibility with the LDC delegations and which would like to expand its influence over a broad range of economic policy issues--has seized on interdependence, structural reform, and trade issues as a means of enlarging the scope of its mandate and assuring itself a central role in the North-South dialogue of the 1980s. [REDACTED]

25X1

The Interdependence Issue: The concept of interdependence is not new; it traditionally has been used to suggest the connection between the economies of all nations.

30 April 1979

SECRET

Both developed and developing countries agree that growth in LDCs is not only dependent on the general health of the world economy but can also contribute to that health.

The developed countries want to work within the present international economic structure to promote global economic growth, principally through maintaining an open world trading system, and thus encourage all countries to accept the responsibility to work cooperatively to improve the present rules and institutions.

The Group of 77 contends that the present global economic system is not only inequitable but inefficient, as evidenced by the current problems of inflation, payments imbalances, and protectionism. To the LDCs, therefore, interdependence as it presently exists is not acceptable, since they do not believe their economic problems will be solved simply by the recovery of developed country economies or by marginal adaptations of the existing system. Incremental measures such as the generalized system of preferences, codes of conduct for technology transfer and for transnational corporations, and the integrated program for commodities are viewed as useful, but the LDCs believe that the economic system remains almost exclusively under the control of the developed countries.

The Group of 77 further believes there is a link over which they have no control between policies of the industrialized countries and LDC development. Short-term measures taken by developed countries to protect their domestic producers or constituencies often backfire on the LDCs through disrupted markets and balance of payments difficulties. The LDCs want to become active participants in an interdependent economic system in which they have greater ability to protect themselves from developed country actions that adversely affect their economies.

The LDCs view structural reform as the primary means to remedy the problems of interdependence and to achieve a new international economic order that will promote LDC development and thereby enhance global economic growth.

30 April 1979

SECRET

Conference Tactics: The agenda item on "interdependence" could provide the Group of 77 with the tactical framework to link most of the other economic issues to be discussed at Manila to their broader political demands for restructuring international economic relations and institutions.* It could also provide a political platform from which they can continue to espouse group unity as their primary negotiating strength. [REDACTED]

The basis for unity on this issue is clearly suggested in the Arusha document where linkages between restructuring and other issues are drawn. The revitalized concept of economic cooperation among developing countries (and the resultant support it will demand from developed countries) and a new emphasis on trade and cooperation with the USSR and Eastern Europe are among the most striking examples. [REDACTED]

In the area of trade, LDCs envision the solution to the troublesome problem of protectionism to be industrial restructuring: mandatory redistribution of global industry to transfer productive capacity from developed to developing countries. The LDCs want to attain their target of a 25-percent share in world production and a 30-percent share of world trade in manufactures by the year 2000. The Arusha document calls for a mechanism within UNCTAD to review patterns of production and trade and to identify sectors needing structural adjustment. The LDCs would like the authority to negotiate further within UNCTAD the measures and policies that need to be adopted

*The formal title of Agenda Item 8 is "Evaluation of the world trade and economic situation and consideration of issues, policies, and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD's necessary contribution to a new international development strategy for the third United Nations Development Decade."

30 April 1979

SECRET

SECRET

by developed countries to pursue adjustments in the identified sectors. The industrialized countries can be expected to point out that such measures, if undertaken by UNCTAD, would overlap with the responsibilities of the General Agreement on Tariffs and Trade (GATT), the UN Industrial Development Organization (UNIDO), and the International Labor Organization (ILO). [REDACTED]

25X1

There is growing evidence suggesting that during the UNCTAD evaluation of the Multilateral Trade Negotiations, increasing LDC dissatisfaction with the MTN process may lead to demands for changes in current trade rules that would have a greater bias in favor of developing countries. At a minimum, the LDCs want to increase the role of UNCTAD in this area. Moreover, in several recent speeches UNCTAD Secretary General Corea has argued in favor of a major global conference in the 1980s to renegotiate the international rules of trade, taking into account the views of the developing countries and the Communist states. There are indications that some influential Group of 77 members--such as Yugoslavia and Venezuela--are increasingly interested in Corea's proposal, and that they may raise the issue at UNCTAD V. [REDACTED]

25X1

The Group of 77 appears to be less unified on measures to reform monetary and financial systems. The Arusha document recommends only that UNCTAD V establish ad hoc groups to study various problems of the international monetary system and financial cooperation. Basically, the LDCs want improved mechanisms that are more responsive to their development needs, and participation in the decisionmaking processes of these institutions on a more equitable basis. [REDACTED]

25X1

These tactical measures, if pursued by the Group of 77, pose a serious problem to the developed countries because they are rooted in a basic substantive belief on the part of LDCs that the present economic system is inequitable. Under the discussion of the first UNCTAD agenda item in the Arusha document, the Group of 77 has requested the establishment of a high-level group of experts within UNCTAD to examine problems relating to the management of the world economy, and to further recommend the adoption of "concerted measures that would ensure that the policies of the

30 April 1979

SECRET

25X1 developed countries are consistent with the requirements of the structural changes in the context of the New International Economic Order." The responsibilities of such a group would appear to overlap with those of the International Monetary Fund (IMF) and GATT, as well as other new bodies that they have called for under the various agenda items. [REDACTED]

In addition, the more pragmatic Asian and Latin American LDCs, who see benefit in good bilateral relations and continued negotiations in specialized forums (for example IMF and GATT), could nevertheless probably support political posturing by the Group of 77 on the need for economic restructuring. These countries, such as India and Brazil, who probably agree that UNCTAD is not the proper place to negotiate specific trade and monetary problems, nonetheless recognize that the UNCTAD forum provides them with more political leverage. Thus, at Manila they may join in demanding political commitments from the developed countries to pursue restructuring of present economic institutions without necessarily increasing UNCTAD's role. One possibility might be the suggestion that the new UN International Development Strategy for the Eighties should focus on structural change as the best means to achieve a new international economic order.* [REDACTED]

25X1

Secretariat Seeks Larger Role: While the inter-related issues of interdependence and restructuring have only begun to be studied by the Group of 77, the UNCTAD Secretariat has provided major impetus to use them as the Conference theme. At the Trade and Development Board meeting last September, the Secretariat urged that UNCTAD take up interdependence of economic issues as a new theme. For the Secretariat, this would provide a rationale for UNCTAD to expand its mandate from a narrow base of trade and development to a broader spectrum of economic concerns. The resultant wording of the interdependence agenda item was one of the most contentious points negotiated at the Board meeting. The developed countries tried to restrict

*The new International Development Strategy for the Third United Nations Development Decade will be negotiated at the 34th UN General Assembly this fall and adopted at a Special UNGA session in 1980. [REDACTED]

25X1

30 April 1979

discussion of the interdependence theme to general debate, but the Group of 77 insisted that it be included as a separate substantive agenda item.

25X1

25X1

25X1

Conclusion

It is important to note that the argument of this article--that the main theme of the LDCs at UNCTAD V will be the inequities of interdependence in the economic system and the consequent need for restructuring--is based more on logic than evidence. So far there is no indication that the Group of 77 deliberately intends to use the interdependence issue to disrupt the conference proceedings. Indeed, some obstacles exist to linking issues and focusing on interdependence and restructuring. For example, most LDCs are still interested in gaining certain practical concessions from developed countries during negotiation of various agenda items. Obtaining these concessions might be endangered if a major philosophical clash develops. In addition, there are still differences of opinion within the LDC group over how to define interdependence, and the Arusha document does not spell out a strategy to link interdependence and restructuring. Finally, the principal impetus to use the two concepts as the themes for the Manila meeting is still coming from the UNCTAD Secretariat, not the LDCs.

25X1

30 April 1979

SECRET

Nonetheless, LDC behavior at UNCTAD V is likely to be shaped by a logic that runs in a different direction. It can be anticipated that the Group of 77 will be motivated by two primary considerations at this major UNCTAD session. One will be to maintain at least a superficial appearance of unity, and the other will be to create a political climate favorable to the LDCs in which to discuss international economic issues. Interdependence and restructuring are the best, and possibly the only, issues the LDCs can turn to at UNCTAD V to meet these goals. From the Group of 77 vantage point, resorting to this approach also has the advantage of putting the developed countries on the defensive, since broad political statements dealing with interdependence and sweeping calls for major restructuring of the global economic system are among the most intractable issues to which the United States and its partners in the Organization for Economic Cooperation and Development can be asked to respond. Not only are the issues almost impossible to negotiate in a practical sense, but differing views on how they should respond could be a potential source of friction among the industrialized countries themselves. [REDACTED]

25X1

Tactics to maintain LDC unity and predictable conference dynamics at UNCTAD V are likely to focus the conference on discussions concerning the proper definition of interdependence, on the kinds of global structural reform that are possible or desirable, and on the future longer term role of UNCTAD and the goals of an International Development Strategy. There is a good chance that UNCTAD V will be the forum that brings these issues together and sets the agenda for the next stage of the North-South dialogue during the early 1980s. [REDACTED]

25X1

25X1

30 April 1979

SECRET

SECRET

25X1

World Population Growth: Progress but Problems

A decline in the rate of global population growth has helped to reduce global concern with the population explosion. Recent data suggest that the world's population will rise from approximately 4 billion in 1975 to 6 billion in 2000, rather than to 8 billion as earlier predicted. Two aspects of the population problem, however, are likely to confront political leaders around the world with almost intractable policy problems. Rapid urbanization will make effective management of large cities increasingly difficult and present a direct and visible challenge to the competence and authority of central governments. At the same time, the working-age population in many developing countries may grow too fast for the economies to absorb, with consequent problems for political stability. On the other hand, if a significant number of the economies of developing countries do grow rapidly enough to be able to employ the increased population effectively, they will present a steadily growing challenge to the economic dominance of the developed countries.

Population growth is at the heart of the global futures debate that has been conducted over the past 15 years. Since 1965, most of the world has come to recognize that population size and growth influences almost every global issue, including energy, food, environment, development, and the North-South dialogue. Despondency about future world population trends prevailed during the 1960s and 1970s, and works in a Malthusian vein warned of the inevitable clash between exponential population growth and a finite environment.

Indeed, world population quadrupled from 1 to 4 billion between 1800 and 1975. After World War II, much of the growth took place in less developed countries (LDCs) because of major reductions in mortality, accompanied by modest changes in fertility. In 1950, only four countries

30 April 1979

SECRET

WORLD POPULATION AND AVERAGE ANNUAL RATES
OF GROWTH: 1970-1977

	Midyear population (thousands)			Average annual rate of growth (percent)		
	1970	1975	1977	1965- 1970	1970- 1975	1975- 1977
WORLD	3,721,518	4,100,271	4,257,655	2.0	1.9	1.9
More Developed	1,087,279	1,137,410	1,154,439	1.0	0.9	0.7
Less Developed	2,634,239	2,962,861	3,103,216	2.4	2.4	2.3
AFRICA	356,384	407,368	430,757	2.6	2.7	2.8
ASIA	2,132,872	2,382,246	2,486,045	2.3	2.2	2.1
LATIN AMERICA	284,295	324,341	341,599	2.7	2.6	2.6
NORTHERN AMERICA	226,308	236,409	240,258	1.1	0.9	0.8
EUROPE AND SOVIET UNION	702,217	728,566	737,096	0.8	0.7	0.6
OCEANIA	19,442	21,341	21,900	1.9	1.9	1.3

Source: U.S. Bureau of the Census. World Population: 1977--Recent Demographic Estimates for the Countries and Regions of the World. Washington, D.C. 1978.

(China, India, the United States, and the USSR) had populations exceeding 100 million. By 1975, the number had risen to seven (including Indonesia, Japan, and Brazil), and by 2000 (with the addition of Pakistan, Bangladesh, Nigeria, and Mexico) 11 countries are projected to have populations over 100 million. The LDC share of total population increased from 66 percent in 1950 to about 72 percent in 1975.

Many population specialists now believe that the steady rise in the world growth rate since 1950 probably peaked in 1970 and that the trend is now downward (see table). The decline in the growth rate is largely due to substantial reductions of fertility in many LDCs since 1970 and relatively less sharp declines in mortality. Demographers disagree on the reasons for reduced fertility, and there are many possible explanations: increased availability of effective contraceptives, liberalized sterilization and abortion laws, a later age of marriage, the higher cost of bearing and raising children, and less need for many children as people move from the farm to the city.

The apparent decline in population growth rates and in fertility levels does not necessarily mean, however, that the problems resulting from the impact of growing numbers of people on limited living space will be significantly eased. The world fertility decline and resulting lower growth rates means that the world population may not double over the 1975 level of 4 billion by the year 2000, but that 6 billion rather than 8 billion can be expected. The absolute number of people will continue to grow well into the 21st century. The momentum for growth is assured by large youthful populations in developing countries, high proportions of women in the childbearing ages, and probable improvement in life expectancy. High fertility conditions still obtain in many countries, and will provide an increasing number of people in the reproductive age span over the next few decades. Even if couples only have two children, thus replacing themselves, population will continue to expand.

Consequences of Population Growth

During the next 20 years the problems of urbanization and a rapidly expanding labor force will be the most

30 April 1979

SECRET

profound political consequences of the change in size and composition of the world's population. During that time, the age structure will change dramatically as the number of young people increases and affects the size of the LDC labor force. Most of the people who will join the force have already been born. The International Labor Organization estimates that at least 600 million persons entering the labor forces of the developing economies must be provided with work by the year 2000. Between 1975 and 2000, the combined labor force of the less developed countries (excluding the centrally planned economies) is projected nearly to double in size, while the labor force of the developed market economies will increase by only about one quarter during the same period. Half of the increase in the labor force of both the developed and developing market economies will occur in Asia.

In LDCs with relatively slow economic growth and/or a limited economic base, the projected increase in the working population could lead to a major rise in unemployment. When combined with rapid urbanization, this could have severe consequences for political stability in the countries concerned.

Labor force growth in advanced developing countries (ADCs), where the economic base is already substantial and rapidly expanding, would probably not face the same adverse internal political consequences, but could have a negative impact on the international economic standing of the developed countries. If the ADC economies are able to absorb the new labor force increments, they would probably compete much more effectively than they do now with developed countries for new markets for manufactured products. The result could be either a further shift in economic wealth and power toward the ADCs or increased efforts at market protection by the developed countries. At the same time, the gap between the ADCs and the other developing countries would widen, since the labor force increase would be a spur to economic growth in the first group and a drain on it in the second.

Population growth in the urban areas of the less developed countries is proceeding especially fast. Many Third World cities will be among the world's largest by the year 2000. The speed of urbanization in many LDCs has

30 April 1979

SECRET

SECRET

Differing Views on Estimates

The rate of world population growth cannot be precisely measured, since the availability and reliability of statistics varies considerably from one country to another. Poor record-keeping is characteristic of nations in which a majority of the world's people now live. One of the most perplexing problems in establishing the world growth rate and size, for example, is the lack of solid information on China. As approximately one person out of every four lived in China in 1975, substantial errors in estimating and projecting the size of China's population will have considerable effect on the estimates of world population.

Demographers disagree about the techniques used in estimating rates, about the precision with which the rates can be calculated, and about the reliability of the data base. From approximately 4 billion people in 1975, world population in the year 2000 is projected by the US Bureau of the Census to be 5.9 to 6.0 billion; the projections of the University of Chicago show 5.8 to 6.0 billion; United Nations projections developed in 1978 show a range of 5.9 to 6.5 billion; and the World Bank projects 6 billion by the year 2000. In spite of differences in the estimates of the base data and the rates of projected decline there is little doubt that the trend of world fertility and the growth rate is downward. Nonetheless, even if it were possible to attain replacement level fertility worldwide by the end of the century, world population would continue to grow for some 50 to 70 years thereafter and peak sometime in the 21st century at between 8 and 11 billion persons.

Outlook

The pending structural change in the world population and the mathematical reality of population momentum will have far-reaching implications for national policymakers. Additional numbers of people will have to be housed, clothed, fed, and employed, and decisions regarding allocation of scarce resources will have to be made. Although reductions in fertility rates may diminish the rate of world population increases, considerable growth lies ahead no matter what policies are introduced. Governments will be forced to step up their efforts to foster

30 April 1979

SECRET

SECRET

fertility declines in an effort to avert the social unraveling associated with rapid population growth, unemployment, and unfulfilled but rising expectations.



25X1

30 April 1979

SECRET

Next 7 Page(s) In Document Exempt

Secret

Approved For Release 2004/12/22 : CIA-RDP80T00942A000500010001-8

Secret

Approved For Release 2004/12/22 : CIA-RDP80T00942A000500010001-8